THE BUSINESS
BUILDER
SPECIAL EDITION FOR
BUSINESS OWNERS
PROFITABLE BUSINESSES CAN FAIL
THE 7 KEYS TO PROFIT
TALK TO YOUR ACCOUNTANT REGULARLY
PAY AS LITTLE TAX AS LEGALLY POSSIBLE

THE BUSINESS

BUILDER

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General Advice Warning: The information provided in this magazine is of a general nature only and has been prepared without taking into account your financial objectives, situation or needs. These should be considered before you act on any information considered in any article and you may want to seek independent professional advice before making a decision.

LETTER FROM THE

EDITOR

Welcome! My name is Troy Wink, and **I WOULD LIKE TO INTRODUCE YOU TO THE BUSINESS BUILDER.** This magazine has been written for the small business owner.

It contains several articles and messages from experts, compiled from tens of years of practical experience. Each points out common issues that face business owners from time to time, guiding the reader to the process or solution for each.

As a Fellow of the Chartered Accountants of Australia & New Zealand, who has been in the accounting industry for over a quarter of a century, I've seen and been a part of great business success. I have also witnessed a number of business failures. It's with the knowledge of both, that the mandate of this magazine is to ensure small businesses do not fail.

> "Numbers and knowledge are THE SCOREBOARD AND THE EXPERIENCE which will keep you at the top of the leaders' board."

I don't expect you to become a business expert, rather to show you are not alone on this path. There are many people that can help you along the way, and to remind you that many have succeeded before you. A wise person once told me "If it's possible for them, it's possible for me, it's just a matter of how." What does that mean? Essentially to me, it means surround yourself with the right team. It has a bit more panache than "How can you soar like an eagle if you're surrounded by turkeys?"

Numbers and knowledge are the scoreboard and the experience which will keep you at the top of the leaders' board.

Whatever you choose to do with the knowledge in this magazine is up to you.

Troy Wink
VBD Business, Tax & Wealth Advisers
"Building Your Business is Our Business" ™
B.Com, FCA

I've known Troy since we were in school. Not long after I got involved in business, it made sense to ask him to be our tax adviser. During my years in that business and many others since, I've learned the importance of people that know what they are doing and that you can trust. I know he's got my back and he's helped me with my businesses. So much so, I've referred VBD to other business owners. They've all been extremely happy too.

John Medland - Director, Newcastle Access

MEET AN
EXPERT

IAN EDWARDS

BE 'CLEVER IN BUSINESS'

As an Accredited Coach for Business, Executive and Professional Coaching with the Australian Institute of Professional Coaches, I have had the privilege of working with hundreds of businesses in transitional and transformational change to see wonderful success.

"Something changes when something changes." What is the first thing you need to change and when will you begin?

Coaching with us means you can "Plan a life you want to live in through a Business on Purpose™"

ARE YOU 'CLEVER IN BUSINESS?'

Capacity - Are you ready to grow and increase your capacity?

Leverage - Do you know how to create Leverage?

Enlarge - Will your ideas enlarge your life and business?

Vision - Do you have an 'Active Layered Business Plan'?

Excited - Are you still excited about your business and Its potential?

Review - Data tells a story. Are you reading a happy or horror story?

As a Coach, I will help you with accountability, a sounding board for your business ideas before you implement them and help you find the harmony you desire between your personal and professional life.

My greatest joy as a coach is to help someone "Plan a Life they want to live in through a Business on Purpose™"

YOU CAN REACH US ON

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LET'S GO INTO

BUSINESS

Nearly everyone who I've asked "Why did you start your own business?" mentions 3 reasons: I could see there was a better way; to improve my family's lifestyle; and to make more money. Michael Gerber in his book The E-Myth Revisited refers to the moment when someone with technical experience decides to start a business, as entrepreneurial seizure.

Statistics tells us that for many, this seizure becomes an affliction, leading to distress and failure, and not a story of personal and business success. Why? Because they start with an idea that runs on the smell of an oily rag, funded by friends, family and fools, rather than a plan.

A well-considered plan takes into consideration where you are right now, where you want to be in the future and when you want to get there. With this knowledge you can take stock of what resources you have and what you'll need. I'm not just talking money and tangible items - capacity to implement (get stuff done) also considers time and knowledge. Typically, at the start of a new business, the owner has plenty of time, a certain amount of knowledge and limited cash. Given that, they choose to do as much as possible themselves, often learning hard lessons along the way. Lessons that push the original goals further away.

Experience has shown me repeatedly, that for every 1 hour of planning, you'll save at least 10 hours of doing. To me this means the greatest success comes from starting everything with a plan and leveraging. The best time to start is before you start business, the next best time, if you have already started, is now. The ability to leverage well comes from the efficient utilisation of knowledge.

Knowledge can either be acquired or hired - I prefer a combination of both. There are some skills as business owners you need to understand, without the need to become an expert. The quality of the team you build around you, one that you can trust and rely on, is critical to the success of any business. Beyond employees or subcontractors, the core team includes solicitors, finance brokers, insurance brokers, accountants, bookkeepers and industry associations. Consideration should also be given to graphic designers, marketing, business coaches and financial planners.

If you're currently in business and not happy with your current results, then it may be time to reconsider your team. Someone asked me a question which puts a bit of a spin on, you get what you pay for, "If you need a brain surgeon, do you look for the best possible or the cheapest?" A similar logic should be applied to your business too. Why? Because a healthy business protects your most valuable asset, your own health.

PROFITABLE BUSINESSES CAN FAIL

Many people new to business believe HIGHER SALES WILL LEAD TO HIGHER PROFITS. THIS IS NOT NECESSARILY THE CASE, in fact uncontrolled growth in sales can have the complete opposite result.

Several years ago, I took on a client who had growing sales numbers but a worsening profit. A review of the financials quickly showed that as they were winning more work, acquiring more equipment, and taking on more employees, that their employee-related costs were increasing, as a percentage to sales. I asked the business owner, "Do you want to provide financial security to a greater number of employees with or without making money for yourself?" This led to a review of the business internal systems and procedures, as well as Key Performance Indicators (KPIs).

Corrective measures did improve profitability, but whilst this in theory contributed towards future sustainability, it did not guarantee business success. This is because business growth requires increased working capital, the key components being accounts receivable, plus stock and/or work-in-progress, less accounts payable. The logic being, in dollar terms as your sales increase so too will all three variable components of working capital.

A sustainable business requires; profit by achieving sales and margins targets, controlling overheads, as well as control of working capital. This means more cash in the bank account, more financial reward for you and the ability to meet current and future financing obligations.

> "Do you want to provide FINANCIAL SECURITY TO A GREATER NUMBER OF EMPLOYEES with or without making money for yourself?"

Getting your working capital under control, like most business improvement, requires systems and procedures, and regular testing and measuring.

As a starting point, I often ask, "Does your business have an accounts receivable policy, one which includes such items as; prompt invoicing, progress payments, strict terms, regular reminders, administration fees and if all else fails escalation to debt recovery services?"

Working with one client we were able to halve the amount that the business had locked up in accounts receivable.

How would your cash flow improve if you could decrease your average accounts receivable by 50% or even 25%?

We achieved this result, by realising there was a problem, understanding the current systems and processes, establishing a base point being the number of days receivables were taking to collect, refining, enhancing, and developing an agreed accounts receivable policy and measuring the resultant improvement. Ongoing debtor days became a KPI that continues to be measured to ensure that the business stays on track.

"I first met Troy at a networking group, we got on well, I needed an accountant, as I knew something wasn't quite right with the business. I was surprised by how much I needed external advice. Troy sat me down with my accounts manager and told us some hard truths. Together, since that day our business has continued to be more profitable and growing. I would recommend any business owner who wants an accountant they can rely on, to contact VBD.

Nathan Wiedermann, Director - Kraft Electrical & Solar

5 TIPS

FOR MEANINGFUL BOOKKEEPING

A conversation with your accountant or bookkeeper should not start and finish with, “How much tax do I have to pay?" Today’s technology provides low cost solutions that small business owners could only dream about a decade or so ago.

1

THE CLOUD IS A MUST

Not only are cloud-based programs affordable, they can also be constantly up-to-date, portable and accessible by many users simultaneously. The best accounting programs such as Xero have partner apps that provide everything from timesheets, job scheduling, inventory, to getting paid.

Gone are the days when you go to your accountant and wait months to find out how your business performed. Now, you can get straight to the gold. How can the business perform better and how can I legally pay the least amount of tax possible?

2

DO WHAT YOU’RE BEST AT AND HIRE A BOOKKEEPER

Don’t be fooled into doing the bookkeeping yourself or getting someone you know to do it. Get someone who is qualified to do it; it will take less time, and in the end it will cost you less. Yes, you could have crack at it yourself to save money but in my experience the true cost is measured in working after hours, lost family time and, possibly, not winning new work.

What would you rather do? Bookkeeping that may cost you up to $70 per hour or get three quotes out possibly resulting in thousands of dollars of profit. In many instances a difference in a day or two in providing a quote, can be the difference between winning and losing the work.

3 A HELICOPTER VIEW OF YOUR BUSINESS

Accounting programs are great, but they still need some customisation. Customising your chart of accounts will not only assist in consistency of processing but will also make it easier to customise report layouts.

Report layout customisation will allow for easy high-level visual comparison of how and where your profit was made, it will also allow you to drop down into a more specific view.

If for example an area of cost has blown out, dropping down to the next expense level or further to the actual transactions, should identify the issue. This allows you to respond quickly and put steps in place to avoid recurrence.

It's an unashamedly biased opinion, but get this done by your accountant and not your bookkeeper.

4 TIMELY INFORMATION IS CRITICAL

Cloud-based programs not only allow for better and more timely information, they also lift the expectations of many external parties. The main one is the providers of business finance.

These day financiers expect up-to-date financials, sometimes even requiring forecasting and budgets. This doesn't limit itself to new business or personal borrowings, for some simply to maintain the current borrowings. It is not unusual for financial institutions to make on-going support a condition of meeting set financial covenants.

There are other times when reliable and timely information is critical, such as when you are in the process of seeking or finalising a business sale.

5 MANAGE BY EXCEPTION

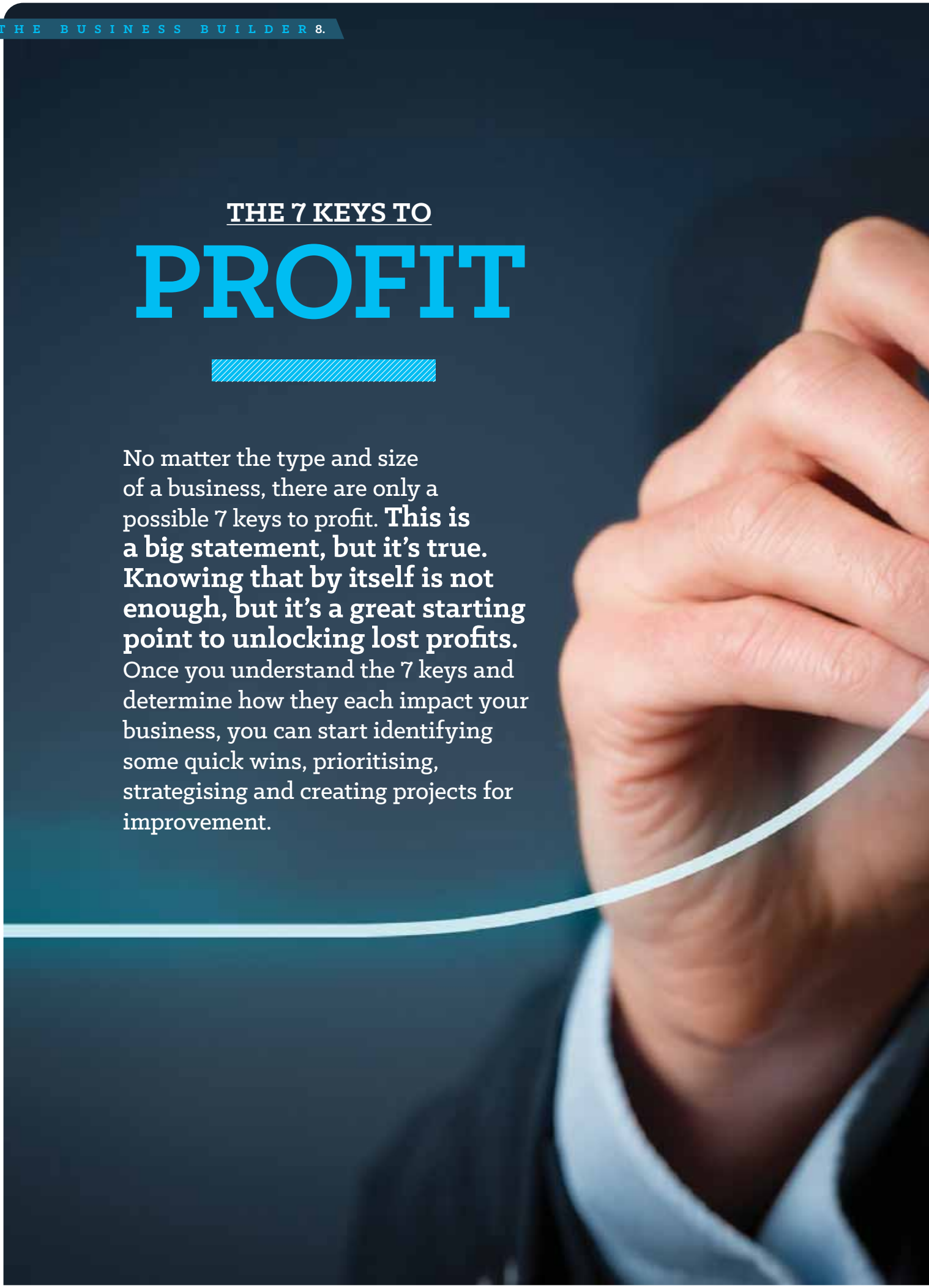
The end game for most savvy business owners is to be sale ready. This doesn't mean that you have to sell, but if an opportunity arose or was forced upon you, would it be great to get the best price possible.

As a rule, the most saleable businesses are ones that have great systems and processes, and the owner is no longer actively engaged in the day-to-day running of the business. That sounds awesome, but where do you start?

For me, the path to choosing how and when you exit a business depends on being able to manage the business by exception. Yes, that means having a high performing team. However, as a starting point it means learning how to read financial reports and establish meaningful KPIs.

THE 7 KEYS TO

PROFIT



No matter the type and size of a business, there are only a possible 7 keys to profit. **This is a big statement, but it's true. Knowing that by itself is not enough, but it's a great starting point to unlocking lost profits.** Once you understand the 7 keys and determine how they each impact your business, you can start identifying some quick wins, prioritising, strategising and creating projects for improvement.

SO, WHAT ARE

THE 7 KEYS?

1. LEAD GENERATION

This is essentially about the performance of your marketing, in being able to attract more potential customers to your business. Not all marketing works, and some types work better for certain businesses. Whatever you are doing you should be gauging the return on investment (ROI).

2. SALES CONVERSION

This is about the performance of your sales process and how well you convert leads from prospect to customer. Sales processes generally differ by industry and whether the sale of the product or service is simple or complex. Simple products or services are ones in which decisions can be made quickly (say buying tyres for a truck), others are more complex and may require more touch points over time (say buying a truck or changing accounting firms). Regardless of the individual process, I'm surprised how often a sales meeting or conversation doesn't end with agreeing to the next step or asking for the sale.

3. CLIENT RETENTION

This is about whether your customers are delighted with what you do and that you care about their experience. Most customers don't leave because of price. It may be the reason they give, but research shows that they leave because of perceived indifference. That is, they just don't believe that you care. Everyone wants to feel that they matter.

4. TRANSACTION FREQUENCY

This is simply a measure of how many times per year customers buy your product or services. It's amazing how many sales are lost because your existing customers simply don't know everything that you offer.

5. AVERAGE SALE VALUE

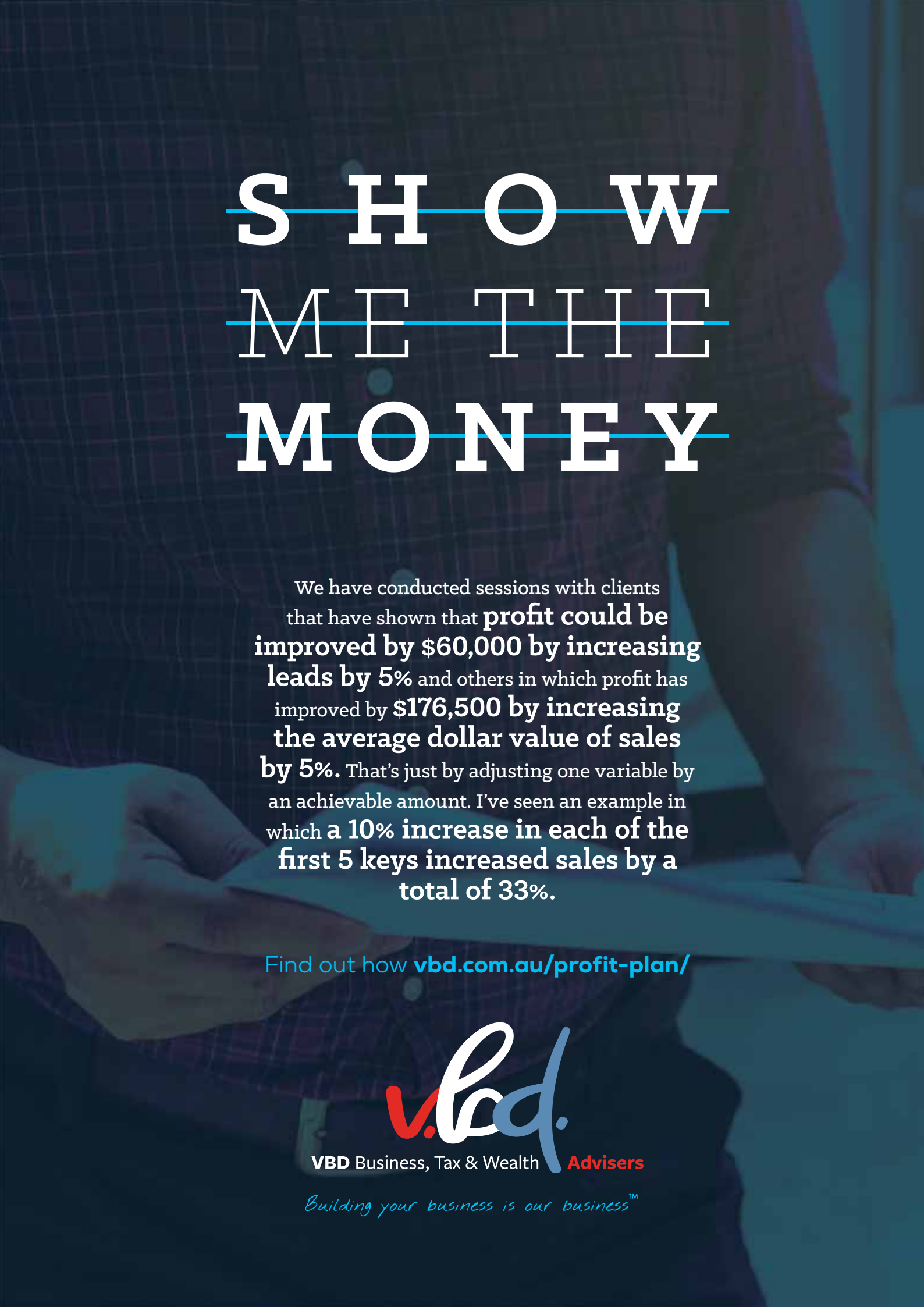
This is a measure of the average sale value of all the products or services that you have sold. Once you know what this is, there are many ways to improve it, including a simple price review, product/services packaging, up-selling and cross-selling.

6. COST OF GOODS SOLD

This is about ensuring that you pay no more than you should for the quality of product or services that you require. It's not just about underperforming suppliers or changing suppliers. It's also about can you obtain better pricing with existing suppliers. It could be as simple as asking for a discount, buying a larger quantity, or paying more quickly.

7. OVERHEADS

This is primarily about controlling expenses, it will often result in reviewing what you are spending and with whom. Sure, some of these expenses may be unexpected or previously unforeseen; they often will still provide lessons to be learned. Other expenses that you are paying for will be discretionary and provide little to no value. In some cases, you'll have forgotten that you're still even paying them.



SHOW ME THE MONEY

We have conducted sessions with clients that have shown that **profit could be improved by $60,000 by increasing leads by 5%** and others in which profit has improved by **$176,500 by increasing the average dollar value of sales by 5%.** That's just by adjusting one variable by an achievable amount. I've seen an example in which **a 10% increase in each of the first 5 keys increased sales by a total of 33%.**

Find out how **vbd.com.au/profit-plan/**

VBD Business, Tax & Wealth **Advisers**

Building your business is our business™

WHY DISCOUNTING IS

BAD FOR YOUR BUSINESS

If you're like many small business people, who regard **PRICE AS THE ONLY FACTOR INFLUENCING THE BUYING DECISION OF THEIR CUSTOMERS**, you will undoubtedly reject the proposition that a high price strategy (and by implication, high value) will work.

You may accept that perhaps it's right for some businesses but it sure doesn't apply to your business. There is no business that does not have the potential to command a premium price for its products or services if, and this is the crunch, it is able to market those products or services in such a way that the customer perceives added value.

If all of your marketing effort, all of your advertising and all of your sales dialogues focus on price, then you will be beaten on price every time a competitor comes along with a lower one. In other words, if you make price the critical factor, it will be the critical factor.

The only way to get out of the price trap is to promote other features and benefits that you can offer your customers. For example, better quality, longer warranty, satisfaction guarantee, 24-hour accessibility, more convenient location, greater resale value etc, etc.

It might be that your competitors offer all of these things, but unless they also emphasise this in their marketing, how will the customer ever know. Think about this for a moment. Your job as a marketer is to create the perception of value and then to back up what you sell with superb service. The thing to remember is that price is only important when all other things are equal.

Some customers only think in terms of price. They are better left to your competitors. What you should be doing is working with those people who are happy to pay for value.

This means two things. Firstly, you have to deliver value and secondly, you have to educate your customers to be aware that they are receiving value. One without the other will leave you exposed.

Here is a simple example of premium pricing versus discounting.

If say your gross profit percentage is 35% and you reduce your price across the board by 10%, you have to increase the volume of your sales by 40% to achieve the same profit. WOW!!

Conversely, with the same gross profit margin, if you increase price across the board by 10%, your sales volume can decrease by 22% and still achieve the same profit.

Sometimes changing your mindset can be an absolute game changer.

More information on this topic, including strategy tables, can be found at our online resources and education tabs at the bottom of our services page **vbd.com.au/services**.

I met Troy a few years back when I held a senior position with one of his clients. When I had an opportunity to become an owner in a start-up business, I reached out to him. I needed someone who I could contact easily when I needed and who could help my administration team with the day to day stuff. We engaged Newcastle Bookkeeping Plus for that purpose. One of the things I like, is when they prepare our BAS, they provide me with a quarterly management report. I'd recommend them to anyone who wants more than just bookkeeping.

Sam Waterhouse, Director - Outrite Hire & Sales

MEET AN EXPERT

MIKE MORTLOCK

COMMERCIAL PROPERTY OWNERS AND TENANTS CAN BENEFIT FROM DEPRECIATION

A commercial property depreciation schedule will list tax deductions you can claim for depreciation of capital works and the wear and tear of plant and equipment.

Capital works include the actual building: bricks and mortar, walls, wiring, floors and other permanently fixed items. Plant and equipment covers items that have been installed within the building, such as furniture, shelving, appliances, bathroom fittings, air conditioners, carpets & floor coverings, window coverings and any specialist equipment required to do business.

COMMERCIAL PROPERTY OWNERS

A commercial property owner can claim a depreciation deduction for capital works – the structural elements of a premises – with the amount depending on the property's age and value. An owner can also claim a depreciation deduction for plant and equipment they have purchased and/or installed.

COMMERCIAL PROPERTY TENANTS

A commercial tenant can claim a depreciation deduction for items they have purchased and installed within the building, as well as "scrapping" when vacating a commercial property, particularly if they are required to return the property to its original condition at the end of a lease.

A tax depreciation schedule will itemise yearly deductions claimable for the life of the building (up to 40 years). The ATO requires that a registered Quantity Surveyor inspects your premises and completes a tax depreciation schedule that can be forwarded directly to your accountant or financial planner.

Mike Mortlock, Director
MCG Quantity Surveyors
1300 795 170
mcgqs.com.au

ACCOUNTANTS DON'T KNOW MORE ABOUT YOUR BUSINESS

It's true, **NO BUSINESS TAX ACCOUNTANT WILL KNOW MORE ABOUT YOUR BUSINESS THAN YOU DO, UNLESS OF COURSE THEY WORK WITHIN YOUR INDUSTRY.** Your industry requires its own specialist knowledge to provide its product and services.

You may have your marketing, selling, delivering and servicing systems and procedures operating at a level that you're happy with. If you're not, there are experts out there who can help you. Your accountant may not be able to directly help you with this but, if not, they will know an expert who can.

Have you ever heard the expression "you don't know what you don't know?" Well that's true too. Believe it or not, right now your business is achieving the perfect result. Not true, I hear you say. Unfortunately, it is true. Based on the current decisions you are making and actions you are taking, there is no other outcome. If you want better results, you need to make better decisions and take improved actions. That's where experts come into play. As a rule, it's widely accepted that most experts have invested at least 10,000 hours in their area of speciality to become masters.

Do you have the time to become an expert in every aspect of your business? No, of course not. You also don't want to simply hand over parts of your business without an understanding of what's happening, when it's happening and why it's happening. An expert should be able to communicate this in a way that you understand and, most importantly, agree with. There are many ways to achieve the same outcome, the secret is to find the way that suits you best.

An expert business tax accountant will have seen nearly every way a business has achieved success, across numerous industries. They'll also understand the underlying business fundamentals that underlie all industries. There is a reason why accountants are regarded as the last trusted adviser. Their success comes from your success. That success comes from their knowledge, your knowledge, and the knowledge of their network.

My advice, next time you have a business concern, issue or opportunity, call your accountant and ask if they can help.

TALK
TO YOUR ACCOUNTANT
REGULARLY

> Talking to your accountant should not be **A ONCE A YEAR THING, IT'S THAT SIMPLE. IF YOU DO YOU ARE IGNORING ONE OF THE MOST VALUABLE RESOURCES,** you have at your disposal.

I know many business owners are reluctant to pick up the phone, because at that point they feel that they have already incurred a cost. A good accountant will not do that; they are more likely to ask you to make an investment decision at the end of that conversation.

Yes, accountants are highly trained specialist service providers. The most important word in the last sentence is service. Accountants are in the service industry. Like all service industries, the customer experience is very important. Important not only for the customer outcome but also customer retention. Your accountant should be available as a sounding board, with fees based not on conversations but instead on providing agreed solutions.

Personally, I'd rather be part of the decision-making process, than having to try and fix something that should not have happened in that way, at that time or at all.

Conversations with your accountant should also not be reactive - that is, only when you have a concern, issue, or opportunity. They should also be proactive. That is, they should be regular or planned. It's quite possible that planned meetings will involve numbers because numbers matter.

Quite often a review of the numbers beyond the agenda will lead to questions and answers, with highly valuable outcomes. It still amazes me, some of the decisions that are made in meetings that include free-flowing ideas. Why, because when I look back with hindsight, I think I would never have come up with that solution by myself.

Good business tax accountants also ensure that you are financially well organised beyond the business. A great small business will have safety nets in place, so when life happens (as it does), the business will not crumble around you. Very often, busy small business owners still highly involved in day-to-day operations will overlook regular reviews of business and personal insurances, life after business and estate planning.

MEET AN
EXPERT

DANE MASON

BUSINESS INSURANCE MATTERS

ProBuild Insurance Brokers was established on the back of years of experience providing Builders and Tradies with tailored insurance solutions on the Mid North Coast and in the Hunter Region of NSW. We now provide insurance solutions to Builders and Tradies Australia wide.

Now more than ever, it is vital to have an expert Insurance Adviser in your corner to help navigate the complex risks facing the building and construction industry. Most businesses are aware of, and take out insurance in respect to Public Liability, tools of trade and a motor vehicle policy for the work ute, however with changes in the way the world does business, insurers have developed insurance products to address these emerging risk exposures.

Cyber Protection Insurance for example is a relatively new form of cover. It's designed to help protect your business from the financial impact of computer hacking or a data breach. We are seeing a rise in the number of incidents where a cyber breach or hacking event has cost businesses in the construction industry financially. This is certainly a cover we recommend our clients consider taking in today's environment.

If you want to join the rapidly growing number of Builders and Tradies choosing ProBuild Insurance Brokers give us a call

Dane Mason
Director – ProBuild Insurance Brokers

YOU CAN REACH US ON

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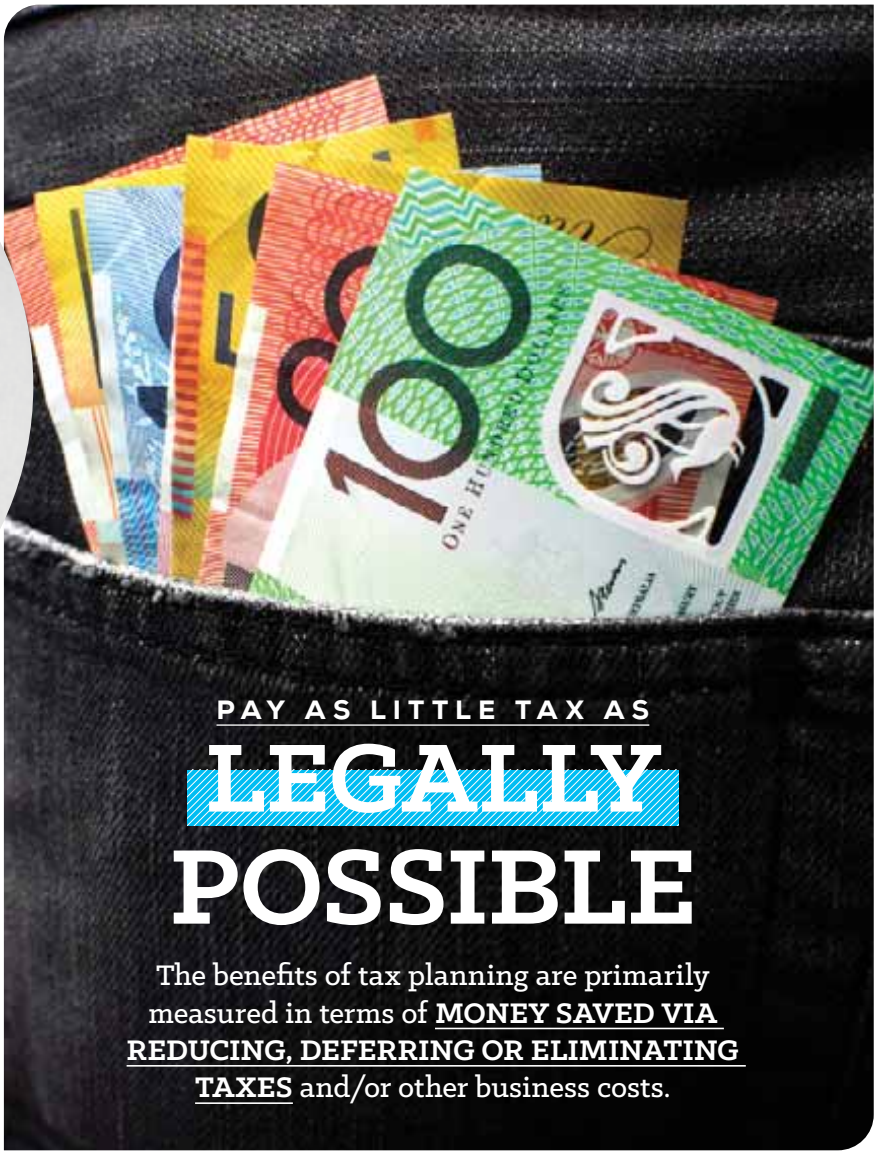

PAY AS LITTLE TAX AS

LEGALLY POSSIBLE

The benefits of tax planning are primarily measured in terms of **MONEY SAVED VIA REDUCING, DEFERRING OR ELIMINATING TAXES** and/or other business costs.

For example, taxes can be reduced by acquiring income protection, deferred by prepaying expenses, or eliminated via profit distribution to a family member to stay below a relevant tax threshold.

THE MECHANICS OF TAX PLANNING ARE SIMPLE:

1. An opportunity to benefit from tax planning must exist; and
2. You must have the time and money to implement recommendations.

Generally, an opportunity will exist for a business if one or more of the following are applicable; your business is showing a profit, any carried forward business losses have been taken into consideration, the business is sustainable, the family group comprises taxpayers with multiple marginal tax rates, and depending on the tax structure if franking credits are available, and whether money has been lent between the business and the principals.

Time and money are also important, because without one or both a potential strategy may not be possible. An example of this would be deciding to acquire a new work dual-cab ute in June, however the one you want is not in stock and will not be available until August.

No one likes paying more tax than their fair share, but it's important to understand that the ATO will not be on your side if you fail to comply with their regulations, so don't leave talking about this with your tax adviser or financial planner too late.

For some businesses, successful tax planning also requires dealing with annual mandatory obligations before the end of the financial year, such as the declaring of company dividends and trust profit distributions.

If you are using a cloud-based accounting program like Xero, your existing business tax adviser should be able to quickly review whether an opportunity exists for you and your business, and to provide you with a fixed price fee for the most appropriate level of tax planning for your circumstances.

30 June may be the last day of the financial year, but the best decisions are made well before this.

WHAT CARS ARE EXEMPT

FBT

Most small business owners know that **IF THEIR BUSINESS OWNS A VEHICLE, IT MAY BE SUBJECT TO FRINGE BENEFITS TAX** (FBT) if they make it available for private use.

They also know that all vehicles are not treated equally, as some are not subject to FBT, others exempt and for the balance, even if subject to FBT, there is often an overall tax benefit to the business.

For FBT purposes a car is:

- a sedan or station wagon
- any other goods-carrying vehicle with a carrying capacity of less than one tonne, such as a panel van or utility (including four-wheel drive vehicles)
- any other passenger-carrying vehicle designed to carry fewer than nine passengers.

A car is taken to be available for private use if on any day an employee or their associates uses it, or are allowed to use it, for private purposes. This applies even when a car is garaged at or near the employee's home, even if only for security reasons. Generally, travel to and from work is also considered private use of a vehicle.

There are some circumstances where use of a car is exempt from FBT. For example, an employee's private use of a taxi, panel van or utility designed to carry less than one tonne is exempt from FBT if its private use is limited to:

- travel between home and work
- incidental travel in the course of performing employment-related travel
- non-work-related use that is minor, infrequent and irregular (such as occasional use of the vehicle to remove domestic rubbish).

> "The employer is not required to keep special records to be eligible **FOR THIS EXEMPTION. HOWEVER, YOU MUST BE ABLE TO DEMONSTRATE THE USE OF THE VEHICLE** meets the eligibility criteria at all times."

The exemption also applies to non-work-related use by an employee's associate that is minor, infrequent and irregular. Generally, this applies to wholly private purposes (other than between home and place of work), the employee does not use the vehicle to travel in a year more than 1,000 kilometres in total and a return journey that exceeds 200 kilometres. The employer is not required to keep special records to be eligible for this exemption. However, you must be able to demonstrate the use of the vehicle meets the eligibility criteria at all times.

If you are considering buying a car that you wish to rely on as being FBT exempt, you should contact your business tax accountant before you start looking.

"I was referred to Troy by one of our suppliers, during a conversation about not being happy about my existing accountant. I had a feeling that I was paying too much tax and I was. Troy showed me how he could save me money, by putting together a comprehensive tax plan. Since then he's attended to all our needs, including making us aware of changes that could benefit our business, as they happen. I recommend people to VBD who a tired of paying too much tax.

Craig Guldemond - Director, Nova Auto Innovations

MEET AN EXPERT

BRENDEN LOWBRIDGE

TOP 5 FINANCING TIPS FOR RENOVATING/DEVELOPING!

1 Have a clear budget upfront! Even it if takes you longer to prepare all your plans and get all of your quotes. A full itemised budget of your construction works is critical. By having all of the costs upfront it allows the bank valuer and bank to acknowledge these costs and lend against them. Not to mention, going back for money funds when the security property is a half-completed project is a very difficult task!

2 Budget for the interest costs during the build. In some cases, the interest will need to be paid monthly during the project, this is a cost that needs to be budgeted for before you ultimately rent the property out or sell it on completion. The monthly interest while no income is coming in needs to be considered.

3 Know that when developing a project of more than 3 dwellings, you will likely end up with a commercial loan. A commercial loan will mean more interest, higher fees and possibly the requirement for having some of the properties pre-sold before the construction loan can be drawn.

4 Understand your exit strategy, not all loans will allow you to retain the property at completion if you do not sell them. This means that you need to have a back-up plan in place. This may be a second loan such as a 'residual stock' loan, which refinances your construction loan and allows you to sell off the remaining properties over a longer period or rent them out.

5 Build a great relationship with the right brokerage. Not all brokers specialise in project finance and the big banks can like construction loans one month and not the next, it is important to align with a team that can get your project funded.

Brenden Lowbridge
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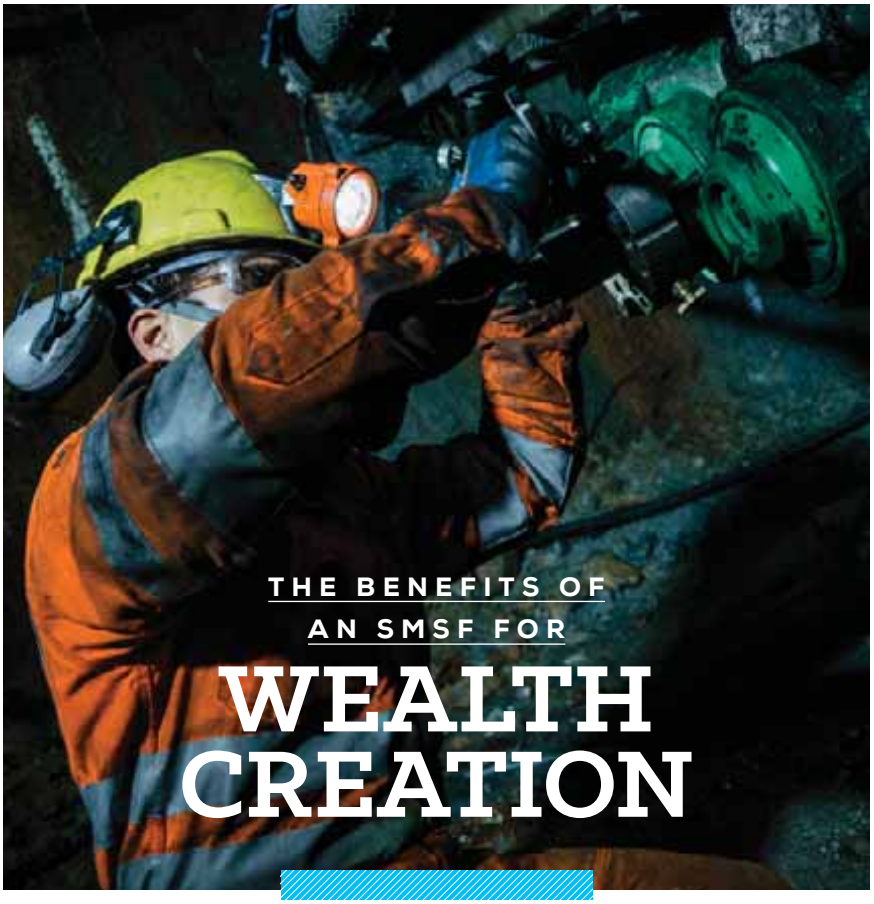

THE BENEFITS OF AN SMSF FOR

WEALTH CREATION

Most business owners have heard about **SELF-MANAGED SUPERANNUATION FUNDS (SMSFS),** however quite a few believe they are complicated.

To be honest some of the legislation and requirements can be, but that's why you use specialist advisers, that you know, like and trust. The underlying investment opportunities are broad and many; so too are they outside of an SMSF.

The truth is that your investments in an SMSF can be as simple as you want them to be, such as cash or shares, or more complex like acquiring your commercial property from which your business operates.

Most business owners utilise superannuation to take advantage of its concessional income tax treatment, on a year by year basis, to minimise income tax, and in the future, once in pension phase, to be part of a tax-free environment.

Assets held in superannuation can also be an effective way of protecting assets against any future risk of bankruptcy or other claims by creditors.

Whether you choose an SMSF or some other type of superannuation fund, the rules around income tax, capital gains tax, goods and services tax and the preservation of benefits until a condition of release are all the same.

SO, WHY DO PEOPLE CHOOSE AN SMSF? HERE'S THREE OF THE REASONS WHY:

1 Control, you get to decide which investments you buy and sell, when you do it and how you do it and who you do it with.

2 Leverage, you can take up options or borrow within an SMSF. When done effectively, it can boost your future retirement balances.

3 Estate Planning, they can provide you with greater flexibility with member benefits for example:

- Death benefits to be paid to a dependant as a pension rather than a lump sum, allowing the SMSF to continue operating
- Funds to be distributed to future generations tax-effectively
- Non-cash assets (such as property or shares) to be transferred directly to a beneficiary.

Is a SMSF always the best way for you to plan your retirement? No, of course not. Many of us want to be able to choose a mix between work and play, well before the traditional age of retirement. That requires a well-considered mix of semi-passive or passive income streams, outside of the superannuation environment as well.

That is why the relationship between yourself, your accountant and your financial adviser needs to be a good one. Everyone needs to be on the same page; that is, your page.

OUR
SHOUT
FOR
HAPPY
HOUR
If you need help, or just want your problems solved, tee up a **no cost, no obligation appointment and in return for your time, we'll give you a $50 Dan Murphy's voucher***
Find out how **nbplus.com.au**
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NEWCASTLE
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MEET AN
EXPERT

LANCE GUNTHER

BUILDING INSPECTIONS

Buying a house is often emotional and the biggest investment you will make in your lifetime, and it could prove to be a costly one if you do not take steps to mitigate the risk. You would not buy a car without looking under the bonnet and the same should hold true for a home. Even aesthetically beautiful homes can be fraught with hidden issues. An inspection by a qualified and experienced pest and building inspector can shed light on those hidden issues and give you an independent assessment of the home and any potential pitfalls. The inspector can alert you to issues such as: structural problems, leaks, damp problems, pest infestation or previous infestations, and a general opinion of the building. This is crucial information when deciding if this is the home for you and what you may face in the future. If you are curious to see how we can help ensure you make an educated and informed decision, call the team @ Inspectrite on 1300 773 658 to book a thorough inspection on your new home!

Lance Gunther, Director
Inspectrite Australia
1300 773 658
Inspectrite.com.au

THE TOP 5 QUESTIONS *TO ASK WHEN CONSIDERING* CHANGING ACCOUNTANTS

1 HOW MUCH WILL THE FIRST MEETING, TO DISCUSS OUR NEEDS AND TO FIND OUT WHETHER YOU CAN MEET ALL OF THEM, COST?

At VBD your first meeting with us is complimentary; it's an opportunity for us to get to know each other better and discuss your needs.

2 HOW DO YOU CHARGE AND WHAT ARE YOUR HOURLY RATES?

Most of our engagements are priced-upfront; this gives you peace of mind, knowing there will be no price surprises.

Our services are priced in relation to the value that we can deliver to you, unlike traditional accounting firms that charge an hourly rate. Notwithstanding our cost structure, this means it is in both our best interests for the objectives of the assignment to be met efficiently and effectively. The faster these objectives can be delivered the more valuable they are to you.

Why is faster more valuable? It is more valuable because your business receives the deliverables sooner, and therefore has a longer period to enjoy the benefits.

We guarantee 100% commitment to the process. That is, we guarantee the quality of our work. Further, the objectives of any assignment are not achieved until you are reasonably satisfied that all deliverables have been met.

3 IS IT GOING TO COST ME EVERY TIME I RING OR SEND AN EMAIL?

We believe that you should not have to make an investment decision every time you would like to ask us a question. Therefore, VBD provides businesses with unlimited telephone and email contact, without having to worry

about a bill showing up.

Typically, these communications are no more than 15 minutes. We have found this is normally sufficient time to find out if we can help, point you in the right direction or refer you to someone else.

4 IS THE ACCOUNTANT REGULATED BY A RECOGNISED AND RESPECTED INDUSTRY ORGANISATION?

VBD is a member of the Chartered Accountants Australia and New Zealand (CAANZ). CAANZ has very high entry prerequisites and ongoing membership requirements.

Members of CAANZ are required to complete 120 hours of Continuing Professional Development (CPD) every three years.

Selecting an accountancy firm that is a member of CAANZ ensures that your accountant is up to date with the most recent legislation and can offer you the most relevant and accurate advice.

5 HOW DO I KNOW I AM GETTING THE BEST POSSIBLE ADVICE?

VBD has a strict internal quality review process which requires that all completed accounting and taxation assignments are reviewed by a fully qualified Chartered Accountant. We also ensure that every accounting team member undertakes regular internal and external training so that our best practice methods and strategies are consistent across our entire team.

> "Our services are priced in relation to THE VALUE THAT WE CAN DELIVER TO YOU, unlike traditional accounting firms that charge an hourly rate."

MEET AN EXPERT

RYAN HOUSTON

REAL ESTATE DEVELOPMENT

Ryan started his real estate journey at domestic construction sites and working in property maintenance throughout Newcastle and Lake Macquarie. A plumber by trade, he once worked as a welder in Western Australia, before he turned to real estate where he gained a lot of experience and set up his own property development firm at the age of 27. Ryan has intimate knowledge of the local real estate market with an eye for the finer details to deliver world-class developments. His background in both private and business-based developments is the reason he's considered an expert in his field and he knows exactly what clients want.

Real estate is Ryan's passion, from listening to clients to helping prospective buyers feel comfortable and assured when investing in or buying a property. Ryan is your go-to person, whether you are creating villas, townhouses, apartments, small or large scale projects – with his experience, commitment, integrity and success.

RYAN HOUSTON
Partner and Licensed Agent,
Project Marketing

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0400 377 424
PRDnewcastle.com.au

TELL IT HOW IT IS

WE WILL TELL YOU THE TRUTH AND TAKE THE TIME TO EXPLAIN IT IN A MEANINGFUL WAY.

Collaboration is critical to our trusted adviser relationship.

WALK THE WALK

WE WILL DO WHAT WE SAY, WHEN WE SAID WE WOULD DO IT.

There is no reason why we can't have fun doing it.

WE'VE GOT YOUR BACK

WE ARE AVAILABLE.

We will get back to you the same business day or no later than the following business day.

IT'S ABOUT YOU

WE SEEK FIRST TO UNDERSTAND.

It's more than numbers, it's about people. Our solutions are provided in a respectful and friendly way.

CHAMPIONS OF CHANGE

WE ARE A CHAMPION TEAM.

We are always learning and looking for better ways.

VBD Business, Tax & Wealth **Advisers**

Building your business is our business™

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